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31 May 1961

SUBJECT: MEMORANDUM FOR THE DIRECTOR: Situation in Turkey

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This memorandum was prepared at the request of Mr. Rostow of the White House staff, who asked Mr. Amory for an assessment of the current situation and short-term outlook in Turkey. We believe that the present military government will hold national elections late this year or early in 1962, and the Republican People's Party (RPP) of former President Ismet Inonu is the most likely civilian successor. No significant changes in Turkish foreign policy are likely under an RPP government.

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for SHERMAN KENT
Assistant Director
National Estimates

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

31 May 1961

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Situation in Turkey

1. The results achieved by the military regime in Turkey in its efforts to reform the country's political life have not been impressive, but the regime has some accomplishments to its credit in the economic and military fields. In considerable part lack of political success is due to the intractable nature of the problem, but lack of political understanding and conflicts within the ruling group have also been influential factors.

Political Affairs

2. The Committee of National Union (CNU) ousted Menderes' Democratic Party (DP) government a year ago because it opposed his efforts to establish one-party rule. The CNU feared this would either lead to civil war or require the armed forces to act with growing frequency as the agent of Menderes in suppressing his domestic opponents -- chiefly the Republican People's

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Party (RPP) of former President Inonu, who as an associate of Ataturk had great prestige with the armed forces. Faced with such a situation, a number of senior officers agreed to join a group of younger officers who apparently had been planning a coup for some time. The group selected General Cemal Gursel, former chief of the ground forces, whom Menderes had retired because of his criticisms of the government, to head a provisional regime.

3. Subsequently a serious split arose between a group of the younger officers who argued that the CNU should retain power indefinitely, and the more conservative members of the CNU, who believed the CNU should return power to civilian hands once the necessary steps had been taken to prevent a repetition of the political abuses for which Menderes had been responsible. This conflict was resolved in favor of the more conservative -- and senior -- officers late in 1960, when 14 members of the CNU were ousted in the course of a struggle over this issue.

4. During the past five months the regime has begun to move, cautiously and at times a bit clumsily, toward returning power to civilian hands. The regime has permitted new political

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parties to be organized, and limited political activity is now allowed in preparation for the national elections the regime has promised by October of this year. Since January a constituent assembly has been preparing a new constitution, which is to be submitted to a national referendum within the next few months provides for a bi-cameral legislature (in place of the former single assembly) elected by proportional representation; a president elected by both houses; and a premier selected by the president who will have to have a note of confidence from both houses. The lower chamber of parliament will have the main legislative initiative, though the Senate will have certain veto and delaying powers over legislation. Most of the Senate is to be elected, though 15 of the 150 members will be appointed by the president, and provision has been made for members of the CNU to sit with the Senate during the first two years. Other new constitutional provisions provide for a more independent judiciary than formerly. The entire document is designed to provide the necessary checks and balances to prevent a new government from ruling in the authoritarian manner of Menderes.

5. At the same time, little progress has been made to date toward one of the regime's major goals, the creation of

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a new party or group of parties that could replace the dissolved Democratic Party without being merely the DP under a new name. While many CNU members favor the RPP, they clearly do not want it to win an overwhelming victory lest it be tempted to resort to authoritarian rule. Menderes had catered extensively to the peasants and he retains the loyalties of many such former DP supporters despite the regime's efforts to show that he was guilty of serious wrongdoing. The CNU members are concerned to protect themselves against reprisals by preventing Menderes followers from regaining power. Political bitterness appears to continue high between Inonu's RPP and the leaderless but still loyal DP members, although this conflict is largely denied expression by the regime. Two or three of the fourteen new political parties -- such as the New Turkey Party and the Justice Party -- show some potential for growth and have attracted a considerable number of local DP leaders.* While the regime is in favor of new parties seeking to obtain the support of former DP members, it also fears that some of the new parties may simply become captives of their DP members. In view of the continued existence of informal ties between

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* The New Turkey Party is a moderately liberal party, while the Justice Party has a more conservative orientation.

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local DP units, such fears probably have considerable justification.

6. The regime also must decide what to do with Menderes and ex-President Bayar and their key followers when their trials are concluded, probably in mid-summer. Any decision the regime makes will cause it numerous difficulties. If it executes the former leaders political tensions are likely to increase sharply, and anti-regime demonstrations may occur -- although we believe the regime will be able to control any outbreaks. In addition, Turkey's international reputation probably would suffer from such bloodletting. On the other hand, if the military leaders do not eliminate Bayar and Menderes they cannot feel safe in relinquishing power lest the former DP leaders later regain positions of authority.

7. Once the fate of Menderes and Bayar has been settled, the regime will face the difficult decision as to whether or not to carry out its promise to hold national elections. There probably are still some members of the CNU who are doubtful about the wisdom of holding national elections. Anti-regime demonstrations in connection with the Menderes trial might give the regime pause, however, as would any indications that the

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DP -- under whatever name -- was likely to regain any significant influence as a result of elections. Nevertheless, the key figures still seem intent on turning over power to an elected civilian government, and in view of the regime's repeated public promises to terminate direct military rule and the opposition it would face from all parties if it reneged, we do not believe that the regime will postpone elections much beyond the present schedule. However, it will almost certainly retain the power to intervene against any political group which it considers a threat to the safety of its members.

8. The RPP is clearly in the best position to contest such elections. The RPP has a large and loyal following -- particularly in urban areas -- and is now the best organized party in the country. At the same time, its popularity apparently has declined in recent months due to its cooperation with the occasionally inept military regime. Whether or not this loss of support is remedied by the time of elections, the RPP is likely to emerge with at least a plurality and probably a majority of seats in the new assembly.

9. Even a clear-cut RPP victory, however, would not necessarily bring political stability. The RPP itself is divided into factions, and there is no clear heir-apparent to

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the seventy-six year old Inonu. In addition, the leaders of the armed forces are likely to play a more active role in Turkish affairs in the future, if for no other reason than to assure their safety under future governments. The constitution provides seats in the upper house for CNU members for the next two years. General Gursel may seek the office of president of the republic if his health permits, and General Madanoglu -- now the dominant member of the CNU -- is a likely choice for chief of staff. Whatever the form this participation takes, the fact that the military seized power will reduce the inhibitions on their doing so again. In addition, any new government will face growing popular pressure for social and economic reforms. There are signs -- chiefly in urban areas -- that a growing proportion of the people are becoming dissatisfied with their lot. In part this dissatisfaction stems from the hardships that inflation has caused, but a more fundamental problem is their feeling that -- particularly during the peasant-oriented Menderes period -- the urban lower classes have received little benefit from Turkey's economic progress.

Economic Prospects

10. Turkish economic growth is hampered by the lack of an integrated investment plan and -- since the CNU coup --

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considerable business uncertainty. The Gursel regime, as a transitional government, has been able to do little to remove these obstacles. It has recognized the need for an integrated investment program to replace the uncoordinated public spending programs of earlier years, and a National Planning Office has been established. However, the regime's preoccupation with political affairs and the inherent difficulties of a temporary government drawing up a long-term plan have prevented much progress.

11. Thus in the economic field the government has concentrated its energies on laying the groundwork for future advances. It has halted work on many uneconomic projects, and has adhered more closely than did the Menderes regime to the stabilization program worked out by the International Monetary Fund. For example, when the government decided early in 1961 that an increase in government expenditures was necessary it levied the necessary taxes rather than abandon the stabilization program by a renewed reliance on deficit financing. Thus inflation has been curtailed, and many inefficient firms have been squeezed out of business and others forced to concentrate on improved efficiency after years of easy profits and little concern for production costs.

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12. The Turkish economy is presently stalled. The unsettled political conditions, and the resultant uncertainty as to future economic policies, have caused a slowdown in domestic trade and a postponement of many private investment projects. The financial discipline required to implement the stabilization program, has contributed to reduced economic activity. While a sharp increase in agricultural output in 1960 resulted in a rise of about 5 percent in gross national product, the 1961 harvest appears likely to be no better than last year's, so GNP probably will increase little if any this year.

13. A major Turkish need is an expansion of exports to make possible future economic expansion without growing balance of payments deficits. Exports in 1960 were about 11 percent below the 1959 level, and declined a further 17 percent in the first quarter of this year. The slower tempo of economic activity this year has reduced imports even more sharply, however, and this reduction, combined with the extensive foreign aid being made available -- chiefly from the US, West Germany, and the IMF -- probably will result in a modest balance of payments surplus during 1961. Nevertheless, unless Turkey is able to expand its exports considerably in the next few years it will be unable --

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barring significantly increased foreign aid -- to embark on a new period of economic expansion. The stabilization program was designed in part to increase Turkey's exports by making them more competetive, but it was recognized that such a program would take considerable time. The program already has, however, succeeded in reversing the trend toward growing reliance on Bloc countries as export markets by reducing the need for barter trade.

14. Turkey has the potential for considerable economic expansion once its current difficulties have been brought under control. Investment of about 12-13 percent of gross national product in recent years has resulted in a growth rate just under 4 percent annually. In agriculture, although little additional expansion of acreage is possible, the low yields provide considerable scope for expansion of output through the adoption of more modern techniques. An adequate supply of raw materials and spare parts would enable industry -- which approximately doubled its output in the past decade -- to renew its rapid growth, although in the longer run a supply of efficient managers and skilled workmen will be

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equally important. Above all, the economy requires a better planned and more rational investment program. Both the location and type of many investments in recent years have been decided on the basis of political rather than economic considerations. Even with an integrated investment plan, however, Turkey will remain heavily dependent on foreign aid -- which amounted to over a billion in military supplies and nearly three-quarters of a billion in economic and defense support assistance between 1955 and 1960. Assuming the necessary foreign aid is supplied, the economy probably can expand at a rate of 5 percent or more annually, which, even with the annual population increase of 2.8 percent, would provide a margin for improved living standards.

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Military Affairs

15. The junta's seizure of power diverted the energies of many military leaders from the primary mission of the armed forces. More unsettling, however, was the sudden retirement of over 4,000 officers late in 1960 to reduce the size of the overgrown officer corps. Despite the disruptions caused by so drastic a program, it will probably eventually result in increased efficiency within the armed forces. In addition to this action, the regime apparently is considering a significant reduction in the size and a major reorganization of the Turkish armed forces. In part this is due to a belief that Turkey cannot afford to modernize an army the size of its present one, and that a smaller, more modern army may be more useful than a large force which lacks adequate modern equipment. In connection with this plan the military leaders apparently are also considering placing greatly increased emphasis on guerrilla warfare training as well suited to the country's needs and the people's abilities in the event of a Soviet invasion. Although it is still unclear whether these ideas represent the convictions of the military leaders or are primarily regarded as bargaining tools for more US aid, a thorough re-examination of the type of forces the country needs probably is being made.

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Foreign Policy

16. The Gursel regime has hewed to the main lines of past Turkish foreign policy. Promptly after coming to power, it gave assurances that it would fully honor Turkey's foreign commitments -- notably NATO and CENTO -- and it has in fact done so. There are, to be sure, some indications that the CNU believes Menderes was not sufficiently tough or independent in asserting Turkish interests vis-a-vis the US. The regime has shown itself somewhat more stiff-necked in dealing with the US than was Menderes. It is, for example, more inclined to ask greater assistance from the US in return for the use of Turkish facilities and to seek more explicit assurances from NATO. It has been somewhat less interested in fostering pro-West influence in the Middle East generally -- a conspicuous proclivity of Menderes. On the whole, it may bargain harder, but the dominant characteristic of its foreign policy remains a high degree of hostility toward the USSR and an acute awareness of Turkey's need for strong US support and assistance.

17. We anticipate no significant changes in Turkey's foreign policy while the CNU holds power. There may be some

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present or former members of the junta -- such as Col. Turkes -- who would prefer to see Turkey more assertive of its independence, but this would be in the Ataturk tradition of isolation rather than a move toward the Bloc. Even if such divisions do obtain within the CNU, they are distinctly secondary to internal differences over domestic affairs. We think it unlikely that a split within the CNU would hinge on foreign policy or lead to changes in it.

18. Soviet tactics toward the Gursel regime have been opportunistic and ambivalent. The USSR clearly welcomed the downfall of the outspokenly pro-West Menderes, and almost certainly hoped that the revolutionary regime would, if only as a reaction, move toward neutralism or at least toward more friendly relations with the USSR. The Soviets made prompt offers of large-scale trade and economic aid (which were courteously received by the Gursel government, apparently given some serious consideration, and then in effect rejected -- at least for the present.) The Soviet embassy in Ankara has continued its efforts to cultivate the regime -- with little apparent success. On the other hand, Soviet propaganda has clearly reflected disappointment over the Gursel government's continued pro-West policies and its persistent distrust of the

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Bloc. This kind of approach will probably continue to characterize Soviet policy toward Turkey -- whether or not the Gursel government gives way to a civilian successor -- so long as the USSR has any hope of loosening Turkey's western ties.

19. So far as can be foreseen now, no likely civilian successor to the CNU would want to alter Turkey's foreign policy significantly. The RPP, the most likely successor, is virtually as committed to a NATO policy and to reliance on US support as either Menderes or Gursel. Within these limits, however, a future government may be more inclined than past governments to accept modest amounts of Soviet aid. It would probably be less active than Menderes in pursuing pro-West objectives in the Arab world, but essential differences would be small.

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SHERMAN KENT
Chairman

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